

Headlines

- [Greece, lenders will miss March 10 deadline for rescue loan deal](#). *Reuters.com, 07 Mar 2014*
- [Banks to return 11.4 billion euro of crisis loans to ECB next week](#). *Reuters.com, 07 Mar 2014*
- [China inflation slows to 13-month low](#). *Bloomberg.com, 09 Mar 2014*
- [China's exports unexpectedly drop, blow to confidence](#). *Bloomberg.com, 08 Mar 2014*

Weekly Review (for week ending 07 March 2014)

■ China HSBC manufacturing PMI hits seven-month low in February

China's factory activity shrank again in February as output and new orders fell, reinforcing concerns of a slowdown in China. The PMI fell to a 7-month low of 48.5 in February, the third straight monthly decline, from January's 49.5. The figure was in line with the 48.3 reported in the flash PMI on February 20. The employment sub-index also fell for a fourth straight month to 47.2, its lowest point since March 2009.

■ Singapore February PMI hits 4-month high on production, inventory

Singapore's manufacturing activity in February hit a 4-month high as production and inventory grew, even though regional economic power houses suffered slower expansions. The SIPMM's PMI rose to 50.9 last month, the highest since October, compared with 50.5 in January. The PMI for the electronics sector, however, fell to 51.2 in February from 52.0 in January. Sub-indexes on new orders and new export orders eased to 51.2 and 51.5 from January's 51.5 and 52.4 due to regional factories being closed for the CNY period.

■ Eurozone factory recovery falters but output rose in the 4 biggest economies

Markit's final Eurozone Manufacturing PMI came in at 53.2 for February, up from a flash reading of 53.0 but below January's 54, which was the highest since May 2011. The index measuring manufacturing output, which feeds into a composite PMI that is seen as a good gauge of growth, dipped from January's 33-month high. For the first time in three years output rose in all of the four biggest economies. The broad-based expansion was led by Germany, while France eked out growth in output. Spain and Italy both bounced back strongly.

■ US manufacturing growth accelerates in February

US manufacturing growth rebounded off an eight-month low in February, helped by a recovery in new orders. The ISM said its index of national factory activity rose to 53.2 in February, up from January's 51.3, which was the weakest reading since May 2013. The report reversed two straight months of slowing growth, though it remains below November's recent peak reading of 57, which is the highest since April 2011. January's weakness came on a steep drop in the forward-looking new orders index which rebounded to 54.5 from 51.2.

■ Putin: military force would be last resort in Ukraine

Stepping back from the brink of war, Putin talked tough but cooled tensions in the Ukraine crisis Tuesday, saying Russia has no intention "to fight the Ukrainian people" but reserves the right to use force. Although nerves remained on edge in the Crimean Peninsula, with Russian troops firing warning shots to ward off Ukrainian soldiers, global markets jumped higher on tentative signals that the Kremlin was not seeking to escalate the conflict. Kerry brought moral support and a US\$1 billion aid package to Ukraine fighting to fend off bankruptcy.

■ Australia Q4 GDP rises 2.8% on-year, beats expectations

Australia's Q4 GDP climbed a seasonally adjusted 2.8% on-year, the ABS said Wednesday, beating forecasts for an increase of 2.5% following the 2.3% gain in Q3. On a quarterly basis, GDP added 0.8% - also topping expectations for an increase of 0.7% following the 0.6% gain in Q3. The ABS says GDP growth was driven by a 0.6% contribution from net exports and a 0.5% contribution from consumer spending, but private business investment subtracted 0.5% from GDP. The savings rate fell to 9.7%, the first time below 10% since 2010.

■ China sets 7.5% growth target for 2014

China has moved to reduce the pace of investment to the slowest in a decade, as it seeks a more sustainable and greener expansion programme. In an annual parliament meeting, Premier Li Keqiang said his country's goal was to expand the economy by 7.5%. He also promised to wage a "war" on pollution, which has blighted large swathes of the country amid rapid industrialisation. Air and water pollution have become politically sensitive issues, fomenting unrest. He added that idle factories would close, more private investment promoted and an environmental tax plan accelerated. The aim is to encourage more balance and a greener ethos in the economy, Mr Li said.

■ US factory orders drop 0.7% in January

Factory orders dipped 0.7% in January. That followed an even bigger 2% decline in December, which was a larger decrease than first reported and the biggest decline since July. The weakness in both months was led by large declines in demand for commercial aircraft. Orders for core capital goods, a proxy for business investment, rose 1.5% in January, recovering after a 1.6% drop in December.

■ Payrolls signal stronger US growth post storms

Employers added more workers than projected in February, indicating the US economy is starting to shake off the effects of the severe winter weather that slowed growth at the start of 2014. The 175,000 gain in employment followed a 129,000 increase the prior month that was bigger than initially estimated, Labour Department figures showed Friday. The jobless rate unexpectedly climbed from a five-year low, rising to 6.7% from 6.6%. The report also showed the largest increase in average hourly earnings in eight months and the payrolls count for December and January was revised up to show 25,000 more jobs created during those months than previously reported.

Market Snapshot

Selected Equity Indices	Last (Mar 7)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,452.72	0.80%	-0.75%
S&P 500 Index	1,878.04	1.00%	1.61%
FTSE 100 Index	6,712.67	-1.42%	-0.54%
Euro Stoxx 50	3,095.31	-1.71%	-0.44%
Nikkei 225	15,274.07	2.92%	-6.24%
Hang Seng Index	22,660.49	-0.77%	-2.77%
Shanghai SE Composite	2,057.91	0.08%	-2.74%
BSE Sensex Index	21,919.79	3.79%	3.54%
Straits Times Index	3,136.26	0.82%	-0.98%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Mar 10	Tue, Mar 11	Wed, Mar 12	Thu, Mar 13	Fri, Mar 14
		EIA Petroleum Status Report	<i>Jobless Claims</i>	<i>PPI-FD</i>
		Treasury Budget	<i>Retail Sales</i>	Consumer Sentiment
			Import and Export Prices	
			Business Inventories	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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